



MORE PROFITABILITY & FLEXIBILITY FOR YOUR BUSINESS



Congress, through The American Recovery and Reinvestment Act (ARRA) has made more than \$1.5 billion available to lenders through the USDA Rural Development Business and Industry (B&I) Guaranteed Loan Program. That's an increase of nearly 300 percent compared to the previous fiscal year.

In addition to the funding increase, lenders will now see many positive changes in the B&I Guaranteed Loan Program. These include:

- Shorter approval times and higher approval levels for many USDA State offices
- Elimination of annual renewal fees for ARRA projects
- A decrease in the guaranteed fee from two percent to one percent for ARRA projects

Deals that may have been too large or specialized for you to consider may now be within your reach, as USDA shares the risk. As always, the guaranteed portion of the loan does not count against your legal lending limits. You can market the guaranteed portion of the loan on the secondary market.

These and other elements of this newly energized program add up to more profitability and flexibility for you, the lender.

Take advantage of this unprecedented opportunity to jumpstart rural businesses in your community. It's good for your business too!

Boost Your Lending Limit to be More Competitive

Enhancements to the USDA Business and Industry (B&I) Guaranteed Loan Program can boost a lender's bottom line with more access to capital, reduced fees for guarantees, no annual renewal fees, and potentially more favorable loan terms for your customers. Sue Chandler of Santa Cruz County Bank in Santa Cruz, CA witnessed first-hand the benefits of this reenergized B&I Guaranteed Loan Program. Her customer, a produce distributor with locations, drivers, and customers across the state of California, had a loan from another bank, but the interest rate became too high for the customer to manage. This produce distributor was in need of a financial solution to assist with the cost of running a 44,000 square-foot storage facility. The Santa Cruz County Bank team used a B&I guaranteed loan to refinance the debt, enabling the customer to retain more than 150 employees, hire more employees, and obtain a long-term loan that they could afford.

Due to the community bank's legal lending limit, this \$4.6 million loan, combined with the \$1.5 million revolving line of credit, would have been out of reach, and the bank could not have competed with two larger banks for this customer without the guarantee. Additionally, the reduced fee of the guarantee saved money for the bank and the customer.

"It was a win-win for both the lender and customer. The B&I program was paramount in making this relationship happen," Chandler said. It's a relationship that developed because Santa Cruz County Bank and USDA are partners in backing the business of rural America.

For more information on how to use the B&I Guaranteed Loan Program [visit our website](#).

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).